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SUBJECT: UN: FIFTH COMMITTEE TO CONSIDER BOARD OF AUDITORS  
REPORT ON UN PEACEKEEPING OPERATIONS

¶1. Summary. The Board of Auditors (BOA) conducted an audit of the United Nations peacekeeping operations for the year ended June 30, 2005 at Headquarters and at 2 field missions funded from the regular budget, 15 missions funded from special assessed contributions and the United Nations Logistics Base at Brindisi, Italy. The audit at Headquarters included the Peacekeeping Reserve Fund and the support account for peacekeeping operations, 1 liquidated mission and 22 completed missions. In producing the report, the Board looked at several key areas including: the implementation of previous recommendations, the financial overview of the peacekeeping operations, the expenditures of these operations, procurement and contract management, integrated missions, sexual exploitation, and fraud. The findings are summarized below. End summary.

¶2. Prior recommendations: The BOA found that of the 78 previous recommendations, 38 had been implemented while 35 were under implementation and 5 had not been implemented. Of the 40 recommendations not yet fully implemented, 28 relate to the 2003/04 period; 9 to 2002/03; 2 to 2001/02; and 1 to 2000/01. In looking at the recommendations of the Special Committee on PKO and the Panel on UN Peace Operations, the Board found that only 41 of the 51 recommendations approved by the GA were considered to be within the Board's remit. Of those, 27 had been implemented, 13 were under implementation and 1 had not been implemented by October 2004.

¶3. Finances: Total income amounted to \$4.5 billion, while total expenditure amounted to \$4.1 billion. The increase in expenditure of approximately 41 percent was attributable mainly to the expanded operations of five recently established missions. Assessed contributions outstanding increased by 9 percent, to \$1.66 billion (2003/04: \$1.52 billion). This resulted in a reduction in the amount of cash available (\$1.74 billion) to settle liabilities (\$2.05 billion). An amount of \$705.2 million of the total \$1.66 billion had been outstanding for over one year. The Board expressed concern about the increase in unpaid assessments.

¶4. Air operations and vehicle fleet management: The Board found that actual air transport expenditures amounted to \$371.2 million, or \$88.3 million less than the budgeted amount of \$459.5 million. Two notable findings of the BOA were as follows: 1) two air carrier vendors went bankrupt during the 2004/05 period and the potential loss to the UN has yet to be determined, and 2) the number of aviation support staff did not meet ICAO benchmarks. Also, with respect to vehicle fleet management, the BOA found, among other things, that the CarLog system did not provide reliable management information.

¶5. Procurement: In addition to the planned review by the OIOS, an external consulting firm was commissioned by the UN to review the internal controls of the Procurement Service, covering only Headquarters-generated procurement, including for peacekeeping operations. Consequently, the Board limited

its audit primarily to determining the status of implementation of its previous recommendations on procurement.

¶16. Integrated missions: The Board found that because there was still no formal definition of an integrated mission the functions and structure of an integrated mission and the resulting roles and responsibilities of the various actors were not clearly understood. In addition, there was a lack of documented policy and guidelines for integrated missions. One of the related obstacles, which could affect the success of an integrated mission, remained the differences in the mandates and objectives of the peacekeeping mission compared with the other United Nations entities.

¶17. Sexual exploitation: By October 2005 a total of 264 investigations had been completed during the past 22 months in respect of sexual exploitation and abuse, resulting in action taken against 124 personnel.

¶18. Fraud and presumptive fraud: The Administration reported to the Board 30 cases for the financial period ending June 30, 2005 compared with 6 cases in the previous period. The Administration reported that the United Nations had not incurred losses in nine cases. An estimated loss of \$1,828,783 was incurred in respect of 17 other cases. Of the 30 cases reported, 25 related to the United Nations Mission in Sierra Leone. The amounts involved (where quantified) amounted to \$330,808 covering 18 cases. A total of 19 of the 25 cases related to fuel fraud. The estimated value of such fraud (where quantified) amounted to \$1.5 million (approx. 2.6 million liters of fuel). The Board is concerned that fuel mismanagement may be more pervasive across the various peacekeeping missions.

¶19. The Fifth Committee is expected to consider the report of the BOA during its second resumed session in May.

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